



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

December 20, 2004

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 1690

Dan Proctor
Unico, Incorporated
951 East 830 South
Pleasant Grove, Utah 84062

Subject: Tentative Approval to Commence Large Mining Operations, Unico, Incorporated, Deer Trail Mine and Mill, M/031/003, Piute County, Utah

Dear Mr. Proctor:

The Division has completed a review of your latest response, received December 1, 2004, to our 7th deficiency review letter sent to you November 22, 2004. After reviewing this latest information, the Division is now prepared to grant tentative approval of the Deer Trail Mine and Mill large mining permit application. We have prepared the formal notice of tentative approval which will be published for public comment in the appropriate Salt Lake City and Piute County newspapers (copy attached). This will begin the required 30-day public comment period. If no substantive comments are received during the public comment period, the Division will then be prepared to issue its final approval for this project.

Prior to issuing final approval, we require that you provide us with:

1. two clean copies of the complete and corrected plan (with all redlining, other markings, etc. removed). When final approval is issued, one copy will be stamped "approved" and returned to you for your records;
2. a Reclamation Contract (Form MR-RC enclosed) must be completed and filed with this office. It must be attached to the reclamation surety for this project. The new reclamation surety amount is \$136,100.

Dan Proctor
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M/031/003
December 20, 2004

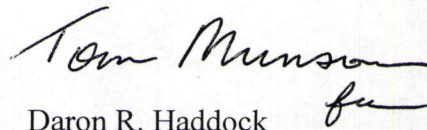
When the entire surety is received, we will authorize release of the existing \$19,000 CD (issued by First Security Bank December 4, 2000) back to you. Please let us know which type of surety you propose to post so we can provide you with the appropriate form. Please provide us with a "draft" copy of the completed reclamation contract and surety form before they are finalized so we can review them for completeness and accuracy.

If the required surety and Reclamation Contract are not received prior to the end of the 30-day public comment period (or arrangements made as to when they will be submitted), the Division will withdraw our Tentative Approval and return your Notice to you.

Please be advised that **you are not authorized to expand your surface disturbance until you have received written final approval from this division, as well as any other agency involved with the permitting process.**

Thank you for your cooperation and patience in completing this lengthy permitting process. Please be aware that the Enforcement Rules . If you have any questions regarding this letter, please contact me at (801) 538-5291 or Lynn Kunzler at 538-5310.

Sincerely,



Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH :jb
Enclosure : Public Notice, MR-RC
cc : Steve Winslow, USFS, Beaver RD
Mark Lopez, Corporate Office, California
O:\M031-Piute\M0310003-Unico\final\Tentative-apv.doc

BEFORE THE DIVISION OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

---ooOoo---

IN THE MATTER OF TENTATIVE	:	
DECISION TO APPROVE A LARGE	:	NOTICE OF TENTATIVE
MINING AND RECLAMATION PLAN	:	DECISION TO APPROVE
FOR UNICO INCORPORATED'S	:	
DEER TRAIL MINE AND MILL,	:	NO. M/031/003
PIUTE COUNTY, UTAH	:	

---ooOoo---

THE STATE OF UTAH TO ALL OPERATORS, TAKERS OF PRODUCTION, MINERAL AND ROYALTY OWNERS, AND PARTICULARLY ALL PERSONS INTERESTED IN SECTION 18, TOWNSHIP 28 SOUTH, RANGE 3 WEST; AND SECTIONS 11, 12 AND 13, TOWNSHIP 28 SOUTH, RANGE 4 WEST, SLBM, PIUTE COUNTY, UTAH.

Notice is hereby given by the Division of Oil, Gas and Mining of its tentative decision to approve the Large Mining Operations Notice of Intention for Unico Incorporated's Deer Trail Mine and Mill. Mining activities will affect the following areas: Portions of the NW1/4 of Section 18, Township 28 South, Range 3 West, SLBM; the NE1/4 of the SE1/4 and the SE1/4 of the SE1/4 of the NE1/4 of Section 11; the SW1/4 of the SW1/4 of the NW1/4, the SW1/4, and the S1/2 of the SW1/4 of the SE1/4 of Section 12; and the N1/2 of the NW1/4 of the NE1/4 of Section 13, Township 28 South, Range 4 West; SLBM, Piute County, Utah.

Unico, Incorporated has submitted a permit application to expand an existing small mining project to a large mining operation. Reclamation surety will be provided to the Division for the proposed project disturbance. The operator will employ the following mining and reclamation techniques on approximately 12.81 acres of federal (US Forest Service) and private land.

During Operations:

Mining to be conducted underground via the PTH tunnel. Reprocessing of waste dump material from the Upper Deer Trail Mine will also occur. These materials will be transported to the Mill where the ores will be crushed and run through a floatation process to concentrate the ores. The final concentrate will be thickened and decanted of any moisture. The decanted concentrate will be bagged and shipped to be custom smelted by outside sources. All water will be recycled through the concentrating process, additional water coming from the freshwater make-up pond or decanted water from the surface of the tailings pond. Water from Cottonwood Creek will be used in the milling circuit. The total acres disturbed is 12.81 acres including ponds, dumps, mining and processing facilities. No additional waste material will be generated from the mining of the

PTH tunnel. The tailings will consist of ground limestone, dolomite, and quartzite with minor amounts of Pb and Zn and residual reagents used in the concentrating process. The tailings are stored in a HDPE lined pond approved by the Division of Water Quality. The mine also has an approved Air Quality permit.

After Operations:

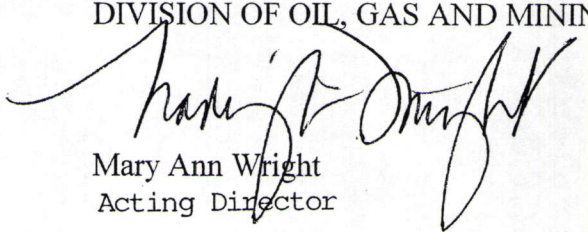
The PTH dump area will be regraded and six inches of soil will be placed on top of the regraded dump. The upper Deer Trail Dump will be contoured, scarified, and seeded with no soil added after the dumps have been processed. Any remaining screened dump material will receive 10 inches of soil. The fresh water pond area will be backfilled and covered with an additional two inches of soil. The mill area, including the tailings impoundment, will be regraded and receive 10 inches of soil. Soil to be used for reclamation will be obtained from the recent mud flows which occurred above the mine as a result of a heavy precipitation event in an area impacted by recent forest fires, which deposited a major amount of soil and organic matter at the Upper Deer Trail Area. At the end of operations, the tailings pond will be capped to the level of the dam. The capped tailings will be seeded with the prescribed seed mix. Presently there are no known drill holes on the surface as all drilling occurs underground, so no plugging is needed. All shafts will be covered with reinforced steel grates to allow for bat entry. All adits and tunnels will be closed with bat grating, except for No.2 Tunnel which will be pushed in and closed with the portal timbers and existing soils adjacent to the portal. Any debris, buildings etc. will be hauled away to a local landfill in Marysvale. No buildings, utilities, drainage structures, and impoundments will be left behind or unreclaimed. The cement in the mill building will be broken up and buried.

The person representing the company is Mr. Dan Proctor; Phone (801) 361-4242. Unico, Incorporated is fulfilling obligations under the Utah Mined Land Reclamation Act of 1975, Utah Code Ann. §40-8-18.

Any person or agency aggrieved by this tentative decision to issue approval is hereby requested to submit written protest within thirty (30) days of the date of publication to Mark Mesch, Acting Associate Director of Mining, Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Box 145801, Salt Lake City, Utah 84114-5801, setting forth factual reasons for the complaint. If no responsive written protests are received by the Division within 30 days after the last date of publication, the tentative decision of the Division will be final.

DATED THIS 20th day of December, 2004

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING


Mary Ann Wright
Acting Director

CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing Notice of Tentative Decision to Approve the Large Mining Notice of Intention for Unico Incorporated's Deer Trail Mine and Mill project, M/031/003 to be sent via facsimile, electronic mail, or mailed by first class mail, postage prepaid, the 20th day of December, 2004 to:

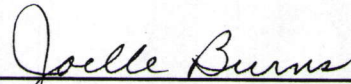
FACSIMILE: 237-2776 and
E-MAIL: naclegal@nacorp.com
Salt Lake Tribune
Advertising Department
116 Regent Street
P.O. Box 45838
Salt Lake City, Utah 84145

Michael Jackson
Bureau of Land Management
Richfield Field Office
150 East 900 North
Richfield, Utah 84701

FACSIMILE: (435) 896-8123 and
E-MAIL: teresa@richfieldreaper.com
The Richfield Reaper
Legal Advertising
65 West Center Street
P.O. Box 730
Richfield, Utah 84701-0730

Crown Mines
P.O. Box 743547
Dallas, Texas 75374-3547

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 1690
Dan Proctor
Unico, Incorporated
951 East 830 South
Pleasant Grove, Utah 84062


Joelle Burns, Secretary

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Stacie Gass
Piute County
Economic Development
Box 99
Junction, Utah 84740

Steve Winslow
United States Forest Service
Beaver Ranger District
P.O. Box E
Beaver, Utah 84713